[Mr. A. Lekshminarayana Aiyar.]

usual, deal briefly with the final accounts of the year 1116 which are now available and also with the Revised Estimates of this year, as to how they compare with the previous anticipations.

ACTUALS OF 1116.

2. In the Revised Estimates for 1116, we expected a total revenue of Rs 273·09 lakhs and a total revenue expenditure of Rs. 267·61 lakhs thereby expecting a revenue surplus of Rs 5·48 lakhs. But the actuals turned out better and stood at Rs 276·79 lakhs and Rs. 270·16 lakhs respectively, resulting in a surplus of Rs 6·63 lakhs. The increase of Rs 3·70 lakhs in revenue was mainly on account of the larger exports and imports under land customs during the latter part of the year than was originally anticipated.

3. On the expenditure side, there were increases under Forest (Rs 1·33 lakhs) due to payment of arrears of kolevila and under Miscellaneous Political Expenditure (Rs 1·89 lakhs) due to contribution for War purposes.

4. In the capital section, the capital expenditure less capital receipts was expected to result in a net drawal of Rs 35·02 lakhs. But the actuals amounted only to Rs 32·86 lakhs on account of the slow progress of our capital works due to the difficulty in obtaining materials from abroad, a difficulty which is still continuing and is affecting our works programme.

REVISED ESTIMATES FOR 1117.

5. I shall now proceed to a general consideration of the Revised Estimates for the current year.

The budget for the year anticipated a revenue of Rs 280·73 lakhs. But on the basis of the actuals so far available, the revenue is expected to mount up to Rs 301·41 lakhs, a peak point not reached so far in the history of the State, the figure being much higher than the revenues of any State in India save Hyderabad and Mysore alone. The details of all the variations are explained in the Memorandum, copies of which are placed on the table with the Budget Estimates for the ensuing year. In the present international situation with all its devastating effects of a far-reaching nature, this result will naturally be a surprise. In view of the possibilities of the adverse effects of the war on our finances, the estimates of revenue for the year were originally fixed on a very conservative basis. This, with the scrupulous care which the Government, under your able guidance and supervision, Sir, have always been exercising in husbanding the resources of the State, accounts for the marked improvement that is expected in our revenue position.

6. Betterment of revenue realisations is anticipated under almost all the principal heads of revenue. But the most conspicuous of these is our Customs Revenue, which is expected to exceed the budget figures by about Rs 7·5 lakhs. Honourable members will be gratified to be

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told that in spite of the crippling of our sea-borne trade, our customs revenue has soared to the above level. We are gaining in land customs more than what we are losing in sea customs. This is probably due to the adjustability of trade and is in the nature of a temporary phenomenon due to the war situation. Due allowance for this has been made in estimating the revenue for the next year.

7. The estimates are in no way high-pitched and they are well justified as explained below. The total revenue actually realised and brought to account in the first ten months of this year amounts to Rs. 228·64 lakhs. Adding to this, the realisations of Rs 72·71 lakhs in the last two months of the last year, the total comes to Rs. 301·35 lakhs, which is practically the same as our expectation, although the indications are that we can get more this year. I shall briefly refer to the salient features in the estimates.

8. Our share of receipts from the Port of Cochin has exceeded our expectations by about Rs. 7 lakhs. The revised estimate is based on information available with Government. Our Forest receipts are expected to show an increase of Rs 5·3 lakhs as a result of larger sales and increased price of timber. The extensive orders which you, Sir, have helped to procure from the Supplies Department of the Government of India have largely contributed to the betterment of our Forest revenue. Under 'Taxes on Income,' an increase of revenue to the extent of Rs 2 lakhs is expected, due mainly to the adequate enforcement of the provisions of the Income Tax Act and partly to the price boom which has benefited trade for the time being. The net receipts from the Travancore Section of the South Indian Railway, which were originally estimated only at Rs 1·5 lakhs is, as intimated by the Railway authorities, now expected to be Rs. 3·65 lakhs, which I may inform the House is the highest on record under this item. Besides meeting the interest on the capital raised by the Secretary of State for the Shencotta-Quilon Section and also interest at 4 per cent. on the capital invested by this Government on the Quilon-Trivandrum Section, there will still be a surplus profit of about Rs. 65,000 for this year. Besides this, credit for a sum of B. Rs. 1·2 lakhs has also been given to us in our Railway capital accounts on account of the value of certain ballast trucks taken over by the Government of India. 'Currency and Mint' shows an increase of Rs 3·31 lakhs over the revenue budgeted for, due to gain on coinage.

9. Though as already stated, an all round improvement is anticipated in our revenue position, we are not without reverses which it is hoped will be temporary, especially in respect of our capital schemes and commercial services. Fall in revenue is expected mainly under 'Electric schemes' (4·0) Clay Refining and Porcelain Factory (0·30) and the State Transport (0·86) lakhs.

10. The abnormal inflation of prices now ruling the markets and the considerable difficulties experienced in getting from abroad the machinery and the materials required for the current working, as well as for the further expansion of our commercial services, primarily

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[Mr. A. Lekshminarayana Aiyar.]

account for the decrease in revenue expected under these heads. The fall in revenue under our Electric Schemes is also due to the fact that the proposed Aluminium Factory, on which we had reckoned for the sale of a substantial load of energy is expected to start work only in August or September next.

11. The mineral factories at Chavara which had largely contributed to the revenue under this item had also to restrict their output owing to war conditions. As the House has already noted, the deterioration of our revenue from our commercial services is expected to be more than compensated by the betterment of revenue anticipated under other heads, with the net result that our revenue at the end of the year is expected to be better than the budget anticipations by over Rs. 20 lakhs.

12. Turning to the expenditure side, the budget for the current year provided for a programme of expenditure charged to revenue of Rs 279·23 lakhs. Based on the progress of expenditure so far known and ascertained, the actual expenditure at the close of the year is expected to stand at only Rs. 277·08 lakhs. This is the net effect of savings in expenditure under some of the service heads as a result of the exercise of economy in all possible directions, set off by an increase of expenditure under the other items. The variations are marked in the case of Forests and the Army. Under Forests, the Budget Estimates of expenditure are expected to be exceeded by Rs. 2·25 lakhs on account of increased kolevila payments to be made and on account of more intensive operations in connection with the supply of timber to the Government of India. Under Army, a saving of Rs. 2·2 lakhs is expected due to the anticipated savings in expenditure under establishment charges and under the Emergency Reserve provided for in the budget, as also to the re-entertainment of pensioners for active service. This year also, we have not been slack in our contributions in aid of the success of the Allies in their strenuous fight against aggression. Including this year's contribution of B. Rs. 4 lakhs to the War Fund, our total monetary contribution to date stands at B. Rs. 15 lakhs. This sum does not take into account our contribution to the armed forces and in the matter of supplies etc.

13. Our expenditure on account of distress relief has also not been stinted. While continuing with unabated zeal the programme of relief measures in areas affected by unemployment, the Government have, in keeping with the time-honoured watch-ward of the Ruling Family of Travancore "Charity is Our House-hold Divinity" included in their revised estimates for the current year a special provision for alleviating the sufferings of the refugees, who have taken shelter within the bounds of the State.

14. As the net result of the several variations in revenue and expenditure between the Budget and the Revised Estimates, the current year is expected to close with a revenue surplus of Rs. 24·32 lakhs against that of Rs. 1·5 lakhs anticipated in the original estimates. This

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revenue surplus of Rs. 24·32 lakhs is proposed to be ear-marked for transfer to the Revenue Reserve Fund which has already got Rs. 8·9 lakhs at its credit. This reserve, as honourable members are aware, was constituted in 1112 to be drawn upon, if necessary, in lean years, when the revenue is not sufficient to meet the expenditure or when it is necessary to provide for any unforeseen contingencies or sudden changes in the tide of affairs which the Government may be called upon to face. In view of the uncertain conditions of the present international position and their possible repercussions on our future finances the necessity to draw upon this Reserve may arise at any time. The prices of our produce *viz.*, copra, ginger, pepper, rubber tea and cardamom which stand at a very high level now may again fluctuate and fall, as prices fell down on the termination of the last war. It is therefore highly essential that we conserve special surpluses as a protection againt future depression when Government may have to forego revenue or incur large expenditure to relieve distress.

15. On the Capital side, the Revised Estimates of expenditure for the current year have been fixed at Rs 37·06 lakhs which is less than the budget anticipations by Rs 7·13 lakhs. This variation is the net result of increase of expenditure expected under some of the items, Ceramic Factory (0·59), Transport Scheme (0·27), etc., set off by decrease of expenditure under other items mainly due to the obstacles to the work consequent on the lack of shipping facilities for getting down from abroad the required materials and machinery. The decreases are mostly under Water Supply (0·86), Drainage (0·52), Pallivasal Hydro-Electric Scheme (2·31), Broadcasting (0·5), Telephone (0·25) and University Buildings (0·96).

Budget Estimates for 1118.

16. With these general observations on the Revised Estimates for the current year, I shall now pass on to the Budget Estimates for the ensuing year. As usual, the Budget for the next year has been framed on the assumption that conditions will continue to be more or less what they are now, due account being also taken of such changes as could be possibly foreseen. But although we are justified in budgeting for a revenue approximating to 3 crores, I have deliberately adopted a moderate scale so that we may be prepared for all contingencies and unexpected variations. The estimates so framed have been prepared on the expectation of a total revenue of Rs 290·22 lakhs and the programme of expenditure chargeable to the year's income has been fixed at Rs 285·13 lakhs, leaving a surplus of Rs 5·09 lakhs, especially in view of the not improbable fall in some of the chief items of revenue mainly customs, as a result of the constantly changing war situation.

17. Our share of the customs revenue from the Cochin Harbour is fixed at Rs 2 lakhs less than the current year's receipts. But it is not unlikely that the revenue budgeted for may not be realised in the

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